

Message Text

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UNCLAS QUITO 2821

FOR: WASHINGTON COMMERCIAL ACTION GROUP

E.O. 11652: N/A

TAGZ: BEXP AFSP EC

SUBJ: REPLIMINARY IMPUTS FOR FY-78 COUNTRY COMMERCIAL PROGRAM FOR
ECUADOR

REF: STATE 54879

1. CAMPAIGNS AND NON-CAMPAIGN INITIATIVES

FOLLOWING ARE PROPOSED CAMPAIGNS AND NON-CAMPAIGN INITIATIVES THAT, AT LEAST AT THIS VERY EARLY STAGE, SEEM WORTHWHILE FOR CONSIDERATION FOR FY-78 CCP FOR ECUADOR. PLEASE NOTE THAT WHILE WE ARE LISTING A TOTAL OF NINE POSSIBLE CAMPAIGNS, IN PRACTICE WE PROBABLY WOULD NOT BE ABLE TO TAKE ON MORE THAN SIX; THOSE THAT WE LATER DECIDE ARE NOT WORTH FULL-SCALE CAMPAIGN TREATMENT COULD BE RELEGATED TO "NON-CAMPAIGN INITIATIVE" CATEGORY IF APPROPRIATE. PLEASE NOTE THAT ALL THE PROPOSED CCPS EXCEPT THE ONE RELATING TO THE FISHING COMPLEX WILL BE TARGET INDUSTRIES DURING FY-78.

CAMPAIGN I---PRIORITY 1---ELECTIRC-POWER GENERATION, TRANSMISSION AND SWITCHING; EXPAND US. SHARE OF MARKET FOR MACHINERY, EQUIPMENT, AND CONSULTATIVE AND ENGINEERING SERVICES. JUSTIFICATION: DURING FY-78 THE GOE IS EXPECTED TO BE COUNTINUING TO CARRY OUT ACTIVELY ITS MULTIL-MILLION-
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DOLLAR ELECTRIFICATION PROJECTS; AND WITH THE ANTICIPATED

ACCELERATION OF INDUSTRIAL DEVELOPMENT, THERE SHOULD BE STRONG GROWTH OF DEMAND FOR ADDITIONAL ELECTRIC POWER SOURCES AND SYSTEMS.

CAMPAIGN II---PRIORITY 2--METAL WORKING/FINISHING:
EXPAND U.S. SHARE OF MARKET FOR MACHINERY, EQUIPMENT AND RELATED SERVICES. JUSTIFICATION: THE GOE IS EARNESTLY PROMOTING ITS PLANS FOR IMPLEMENTING THE VARIOUS PRODUCT ASSIGNMENTS IT HAS RECEIVED UNDER THE ANDEAN PACT'S SECTORAL DEVELOPMENT PROGRAM FOR THIS INDUSTRY.

CAMPAIGN III---PRIORITY 3--BUILDING AND CONSTRUCTION
MACHINERY AND EQUIPMENT: EXPAND U.S. SHARE OF THE MARKET; INTRODUCE NTM CONSULTANTS, CONTRACTORS AND SUPPLIERS. JUSTIFICATION: ECUADOR'S BUILDING BOOM SEEMS LIKELY TO CONTINUE, ESPECIALLY IN PUBLIC-SECTOR DEVELOPMENT OF ROADS.

CAMPAIGN IV---PRIORITY 4-- AGRIBUSINESS: EXPAND U.S. SHARE OF THE MARKET FOR MACHINERY, EQUIPMENT, FERTILIZERS AND OTHER INPUTS. JUSTIFICATION: SEVERAL CURRENT MAJOR GOE PROJECTS SHOULD BE MOVING INTO THE EQUIPMENT-ACQUISITION PHASE DURING FY-78; AND IF BY THEN THE FUTURE GOE'S AGRARIAN-REFORM AND PRICE-CONTROL PROGRAMS HAVE BECOME MORE CLEAR AND LESS PROBLEMATIC, THERE MAY BE A SIGNIFICANT UPSURGE IN PRIVATE INVESTMENT FOR EXPANSION OF AGRIBUSINESS IN ECUADOR.

CAMPAIGN V---PRIORITY 5-- FOOD PROCESSING/PACKAGING:
EXPAND U.S. SHARE OF THE MARKET. JUSTIFICATION: THIS APPEARS TO BE A SECTOR OF CONSIDERABLE CURRENT INTEREST ON THE PART OF POTENTIAL INVESTORS, AND BY FY-78 THEIR PLANS AND PROJECTS FOR ESTABLISHMENT OF NEW FACILITIES AND EXPANSION OF EXISTING PLANTS MAY WELL BEGIN TO MATERIALIZE.

CAMPAIGN VI---PRIORITY 6--PETROCHEMICALS PROCESS
CONTROLS AND LABORATORY INSTRUMENTS: EXPAND U.S. SHARE OF THE MARKET FOR MACHINERY, EQUIPMENT, AND CONSULTING AND ENGINEERING SERVICES. JUSTIFICATION: THE GOE IS EARNESTLY FORMULATING PLANS AND PROJECTS FOR MATERIALIZING THE ASSIGNMENTS IT HAS RECEIVED FOR PETROCHEMICALS INDUSTRIES
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UNDER THE ANDEAN PACT'S SECTORAL DEVELOPMENT PROGRAM.

CAMPAIGN VII---PRIORITY 9--FISHING COMPLEX: ENSURE THAT U.S. SUPPLIERS WIN LARGE PROPORTION OF CONTRACT AWARDS FOR MACHINERY, EQUIPMENT AND CONSULTING AND ENGINEERING SERVICES. JUSTIFICATION: THE GOE IS STILL TRYING, AND MAY SUCCEED, TO OBTAIN ADEQUATE FINANCING FOR ITS PROPOSED FISHING COMPLEX WHICH WOULD INCLUDE FACTORIES FOR PRODUCING

FISH BY-PRODUCTS AND FOR CANNING, AND ESTABLISHMENT OF AN ECUADOREAN TUNA FLEET.

CAMPAIGN VIII---PRIORITY 10--BUSINESS EQUIPMENT AND COMPUTERS: EXPAND US. SHARE OF THE MARKET. JUSTIFICATION: IF BUSINESS ACTIVITY IMPROVES AS EXPECTED IN FY-78, NEW FIRMS WILL BE SEEKING THESE PRODUCTS, AND OLDER FIRMS MAY BE SEEKING TO UPDATE THEIR EQUIPMENT.

CAMPAIGN IX---PRIORITY 11--TELECOMMUNICATIONS EQUIPMENT: EXPAND US. SHRE OF THE MARKET FOR TRANSMISSION AND RECEIVING EQUIPMENT, AND FOR CONSULTING AND ENGINEERING SERVICES. JUSTIFICATION: THE GOE AND VARIOUS PRIVATE SECTOR FIRMS ARE PLANNING NEW AND/OR EXPANDED TELECOMMUNICATIONS FACILITIES.

NON-CAMPAIGN INITIATIVE----PRIORITY 7--INCREASE OUTPUT OF POST-INITIATED MARKET STUDIES (PIMS). JUSTIFICATION: THE MISSION'S MARKET ANALYSIS UNIT (MAU) WILL BE ASSIGNED A NUMBER OF PIMS TO BE DONE AS PART OF VARIOUS OF THE CAMPAIGNS: IN ADDITION, THE MAU SHOULD TRY TO UNDERTAKE TO PRODUCE A NUMBER OF PIMS ON NON-CAMPAIGN SECTORS, TO DETERMINE WHETHER THOSE SECTORS WOULD MERIT FULL-SCALE CAMPAIGN TREATMENT IN SUBSEQUENT YEARS' CCPS.

NON-CAMPAIGN INITIATIVE---PRIORITY 8--SEMI-ANNUAL MAJOR PROJECT SUMMARY REPORTS. JUSTIFICATION: THE POST HAS ALREADY INITIATED THE PRACTICE OF PRODUCING SEMI-ANNUALLY A REPORT PROVIDING BASIC INFORMATION ON ALL CURRENT OR PROSPECTIVE MAJOR PROJECTS IN ECUADOR THAT SEEM TO OFFER LARGE-SCALE TRADE OPPORTUNITIES FOR US. SUPPLIERS AND/OR SERVICES. UNDER THE FY-78 CCP WE SHOULD ENDEAVOR TO CONTINUE TO BROADEN THE NUMBER OF PROJECTS REPORTED IN THIS UNCLASSIFIED

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MANNER (IN ADDITION TO CONTINUING TO REPORT SEAPARATELY IN FULLER DETAIL ON ALL AMJOR PROJECTS, PARTICULARLY AS THEY NEAR THE STAGE AT WHICH WOULD BEGIN THE PREQUALIFICATION OF FIRMS AND/OR THE ACTUAL INVITATIONS FOR BIDS OR NEGOTIATIONS).

2. SUMMARY OF PERSONNEL AND FINANCIAL RESOURCES RECOMMENDED

A. PERSONNEL: 3,080, WORK-DAYS. (NOTE: THIS ASSUMES THE ADDITION OF ONE FSL CLERICAL POSITION AT CONSULATE GENERAL GUAYAQUIL AS HAS BEEN REQUESTED IN THE DRAFT FY-77 CCP (QUITO A-12, FEBRUARY 5) AND IN NUMEROUS OTHER COMMUNICATIONS WITH STATE AND COMMERCE.)

B. FINANCING: \$13,000. (NOTE: THIS INCLUDES A PORTION OF REPRESENTATION FUNDS EARMARKED FOR "TRADE PROMOTION"

BUT NOT DIRECTLY ALLOCATED TO THE ECONOMIC/COMMERCIAL
SECTION AT THE EMBASSY OR AT THE CONSULATE GENERAL.)
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